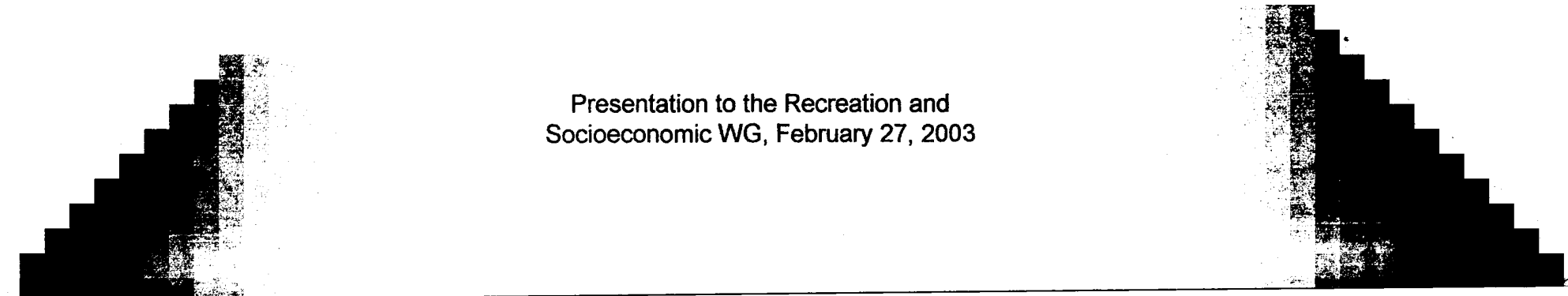




# Phase 1 Background Report Economic and Fiscal Conditions for the Oroville Relicensing Project

- Presentation to the Oroville Relicensing  
Recreation and Socioeconomic Work Group,  
February 27, 2003

Presentation to the Recreation and  
Socioeconomic WG, February 27, 2003







# Phase 1 Background Report

## Economic and Fiscal Conditions for the Oroville Relicensing Project

### ■ Report Purpose

- ☐ What is the existing economic structure of the major community centers in Butte County and how have the economies of these communities changed since Lake Oroville was constructed in the early 1960's?
  
- ☐ Does Oroville, as the trade center most affected by recreation activity at Lake Oroville, have the industrial infrastructure to adequately support current and future levels of recreation activity and tourism related to use of the Oroville Facilities?





# Phase 1 Background Report Economic and Fiscal Conditions for the Oroville Relicensing Project

## ■ Study objectives

- Describe the economic base and components of income for each of the four community areas (Oroville, Paradise, Gridley/Biggs, and Chico) and Butte County;
- Identify historical information on indicators of economic, fiscal, and demographic conditions for each of the four community areas;





# Phase 1 Background Report Economic and Fiscal Conditions for the Oroville Relicensing Project

## ■ Study objectives (cont'd)

- ☐ Evaluate the historical trend in property values relative to countywide indices, and assess the relationship, if any, of property values to Project operations; and
- ☐ Assess supply and demand factors for the recreation and tourism economy in the City of Oroville.





# Phase 1 Background Report Economic and Fiscal Conditions for the Oroville Relicensing Project

## ■ Methods and Data

- Compile and summarize existing data
- Key data sources
  - CA Dept of Finance
  - State Controller's Office
  - CA Employment Development Dept
  - U.S. Census Bureau
  - State Board of Equalization

Presentation to the Recreation and  
Socioeconomic WG, February 27, 2003





# Phase 1 Background Report Economic and Fiscal Conditions for the Oroville Relicensing Project

## ■ Results: Demographics

- The population of Butte Co. has increased by 250% since the early 1960's.
- Neighboring agricultural counties (Colusa, Glenn, Tehama) have grown slower.
- In the past 20 years, population growth of Butte Co. has slowed and only exceeds Yolo and Glenn Counties.





# Phase 1 Background Report Economic and Fiscal Conditions for the Oroville Relicensing Project

## ■ Results: Demographics (cont'd)

- Between 2000 and 2001, the official population in unincorporated Butte Co. declined by 3,000 persons.
- In actuality, growth occurred in unincorporated Butte Co. but was offset by annexations.
- The population of Butte Co. is projected to double over the next 40 years but the rate is not expected to be as high as some of its neighboring counties.





# Phase 1 Background Report Economic and Fiscal Conditions for the Oroville Relicensing Project

## ■ Results: Demographics (cont'd)

- ☐ Butte Co. has an unusually high proportion of retirees (25% of the population in Paradise is over 65 years of age).
- ☐ Most of the population growth since 1960 in the incorporated areas of Butte Co. has occurred in Chico (annexations).
- ☐ Over the past 10 years, Chico and Paradise are the fastest growing areas.
- ☐ Over the next 25 years, the population of Chico is projected to increase faster than other cities in Butte Co.





# Phase 1 Background Report Economic and Fiscal Conditions for the Oroville Relicensing Project

## ■ Results: Economic Conditions

- Manufacturing accounts for 61% of the economic base in Butte County. (The economic base of a community includes economic activities that bring in monies from outside the community.)
- The trade and service sectors are also strong in the County, reflecting Chico's role as a regional trade center.
- The largest segment of employment in Butte County is in the services sector, including business, personal, educational, and social services.





# Phase 1 Background Report Economic and Fiscal Conditions for the Oroville Relicensing Project

## ■ Results: Economic Conditions (cont'd)

- Butte Co. has a high proportion of employment in educational services (28%); the only county in the region with a higher proportion is Yolo County.
  
- Butte Co. also is high in recreation services, with 9.2% of employment servicing the tourism and recreation industries. The only two counties in the region with a higher proportion of employment in recreation services are Shasta County (9.5%) and Plumas County (11%).





# Phase 1 Background Report Economic and Fiscal Conditions for the Oroville Relicensing Project

## ■ Results: Economic Conditions (cont'd)

- The proportion of employment in agriculture in Butte Co. (5%) is much lower than in adjacent agricultural counties such as Colusa (26%) and Glenn (20.9%) counties.
  
- Butte County residents receive roughly 60 percent of their income from wage and salary earnings, which ranks low in comparison to neighboring counties and the state as a whole.





# Phase 1 Background Report Economic and Fiscal Conditions for the Oroville Relicensing Project

- Results: Economic Conditions (cont'd)
  - Conversely, Butte County ranks high in the percent of total income derived from government transfer payments (social security payments, supplemental security payments, and public assistance).
  - Out-commuting to the Yuba City-Marysville area and the Sacramento area is another major source of income to the County.





# Phase 1 Background Report Economic and Fiscal Conditions for the Oroville Relicensing Project

- Results: Economic Conditions (cont'd)
  - Average income of residents of Butte County is significantly below regional, state and national averages.
  - Butte County has the lowest median household income (\$31,924) in the Sacramento Valley region. Its household income level is 67% of the California median household income (\$47,493).



# Phase 1 Background Report

## Economic and Fiscal Conditions for the Oroville Relicensing Project

### ■ Results: Economic Conditions (cont'd)

- Oroville's economy has traditionally been based on a manufacturing and government services (county seat). The manufacturing sector has diminished considerably in the last ten years but is still an important part of the economic base.
- The City of Oroville has the lowest median household income (\$21,911) of any community in Butte County.





# Phase 1 Background Report

## Economic and Fiscal Conditions for the Oroville Relicensing Project

- Results: Economic Conditions (cont'd)
  - The Paradise area is a bedroom community for Chico, with most of the employment in resident-serving industries (services sector); few goods and services are exported out of the Paradise area.
  - The Biggs-Gridley economy shows that agriculture represents about 75% of the economic base, with the remainder of the economic base primarily associated with tourism.





# Phase 1 Background Report Economic and Fiscal Conditions for the Oroville Relicensing Project

- Results: Economic Conditions (cont'd)
  - The Chico area has a diversified manufacturing sector that is a key part of the economic base of Chico.
  - In terms of employment, trade is the largest employer in the Chico area with 18% of total employment. The service industries are also very strong.





# Phase 1 Background Report Economic and Fiscal Conditions for the Oroville Relicensing Project

## ■ Results: Fiscal Conditions

- During fiscal year (FY) 1998-99, Chico and Oroville led all jurisdictions in per capita sales tax revenues.
- Between FYs 1960-61 and 1998-99, Chico, Gridley, and Oroville have all experienced relatively strong growth in annual per capita sales tax revenues.
- Per capita revenue growth in unincorporated Butte County, Paradise, and Biggs has lagged far behind the other jurisdictions.





# Phase 1 Background Report Economic and Fiscal Conditions for the Oroville Relicensing Project

## ■ Results: Fiscal Conditions

- Between FYs 1960-61 and 1993-94, Oroville's annual per capita sales tax revenues exceeded the per capita revenues of all cities within Butte Co. In FY 1994-95, Chico caught up to Oroville, and per capita revenues of the two cities have been similar since.
- With the exception of the City of Biggs, Butte County receives the lowest per capita sales tax revenues of all jurisdictions within the county.





# Phase 1 Background Report Economic and Fiscal Conditions for the Oroville Relicensing Project

## ■ Results: Fiscal Conditions (cont'd)

- Given its relatively small population, Gridley's per capita sales tax revenues have been relatively strong since 1960, indicating a healthy retail sector that includes taxable sales of inputs for agricultural operations and the ability to attract sales from outlying areas and visitors.
- The Town of Paradise, which incorporated during FY 1979-80, has experienced relatively low per capita sales tax revenues given its status as the county's second largest city.





# Phase 1 Background Report Economic and Fiscal Conditions for the Oroville Relicensing Project

## ■ Results: Fiscal Conditions (cont'd)

- On a per capita basis, Chico and Oroville have generated similar levels of per capita lodging tax revenues between FY1969/70-1998/99.
- The County of Butte has historically received minor amounts of lodging tax revenues and has experienced little growth in these revenues over the 30-year period.





# Phase 1 Background Report

## Economic and Fiscal Conditions for the Oroville Relicensing Project

- Results: Recreation-Related State Agency Expenditures
  - DWR annual operations-related expenditures on recreation facilities ranged from \$13,000 to \$1.7 million (current dollars) between FYs 1971-72 and 2001-02.
  - Annual operating and maintenance (O&M) expenditures by the California DPR ranged from \$283,000 to \$3.1 million (current dollars) over the fiscal years for which data were available.





# Phase 1 Background Report

## Economic and Fiscal Conditions for the Oroville Relicensing Project

- Results: Recreation-Related State Agency Expenditures (cont'd)
  - Expenditures by the California DBW on capital improvements to boating and boating-related facilities have ranged from no expenditures during many of the early years of the 1976-2001 period to approximately \$2.4 million (current dollars) in FY 2000-01.
  - Since 1989, DFG's lone capital expenditure was for construction of habitat structures during the 1989-93 period.





# Phase 1 Background Report

## Economic and Fiscal Conditions for the Oroville Relicensing Project

- **Results: Assessment of Property Values**
  - Butte County compares favorably to both the region and the State in terms of the growth rate of assessed land and improvement values (combined) since 1960.
  - Growth in assessed land and improvement values in Oroville was historically (1960-1977) below Butte Co., regional, and Statewide averages, but has outpaced the County and the region since 1978.





# **Phase 1 Background Report Economic and Fiscal Conditions for the Oroville Relicensing Project**

## **■ Key Conclusions: Butte County**

### **□ Strengths**

- The population of Butte Co. has increased by 250% since the early 1960's, outpacing neighboring agricultural counties (Colusa, Glenn, Tehama).**
- Butte County has a strong services sector, including business, personal, educational, and social services.**
- Butte County also is strong in recreation services, with only two counties in the region with a higher proportion of employment in recreation services (Shasta County and Plumas County).**
- Butte County compares favorably to both the region and the State in terms of the growth rate of assessed land and improvement values (combined) since 1960.**

Presentation to the Recreation and  
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# **Phase 1 Background Report Economic and Fiscal Conditions for the Oroville Relicensing Project**

## **■ Key Conclusions: Butte County**

### **□ Weaknesses**

- In the past 20 years, population growth of Butte Co. has slowed and exceeds only Yolo and Glenn Counties.**
- Butte County residents ranks low in terms of income from wages and salaries and ranks high in the percent of total income derived from government transfer payments.**
- Average income of residents of Butte County is significantly below regional, state and national averages and Butte County has the lowest median household income in the Sacramento Valley region.**





# Phase 1 Background Report Economic and Fiscal Conditions for the Oroville Relicensing Project

## ■ Key Conclusions: Butte County

### □ Weaknesses

- Historically, growth in per capita sales tax revenues in unincorporated Butte County (along with Paradise, and Biggs) has lagged far behind the other jurisdictions.
- The County of Butte has historically received minor amounts of lodging tax revenues and has experienced little growth in these revenues over the 30-year period.





# **Phase 1 Background Report Economic and Fiscal Conditions for the Oroville Relicensing Project**

## **■ Key Conclusions: City of Oroville**

### **□ Strengths**

- During fiscal year (FY) 1998-99, Oroville (along with Chico) led all jurisdictions in Butte Co. in per capita sales tax revenues.**
- Between FYs 1960-61 and 1993-94, Oroville's annual per capita sales tax revenues exceeded the per capita revenues of all cities within Butte Co.**
- On a per capita basis, Oroville generated strong levels of per capita lodging tax revenues growth between FY1969/70 and FY1998/99, similar to Chico.**
- Growth in assessed land and improvement values in Oroville was historically (1960-1977) below Butte Co., regional, and Statewide averages, but has outpaced the County and the region since 1978.**





# Phase 1 Background Report Economic and Fiscal Conditions for the Oroville Relicensing Project

## ■ Key Conclusions: City Of Oroville

### □ Weaknesses

- **Oroville's economy has traditionally been based on government services and manufacturing, but the manufacturing sector has diminished considerably in the last ten years.**
- **The City of Oroville has the lowest median household income (\$21,911) of any community in Butte County.**